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# 2022 Half-Yearly Report

GENEX POWER LIMITED

ABN 18 152 098 854



# GENEX POWER...

## CLEAN ENERGY ON DEMAND...

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Genex Power Limited is a public company listed on the Australian Securities Exchange (**ASX**) - (trading under the code '**GNX**'), focused on developing a portfolio of renewable energy generation and storage projects in Australia. Genex's diverse portfolio includes pumped storage hydro, large-scale batteries, wind and solar across Queensland and NSW. The Company's flagship Kidston Clean Energy Hub (depicted below), located in north Queensland, will integrate large-scale solar generation with pumped storage hydro and potentially wind energy. The Kidston Clean Energy Hub comprises the operating 50MW Kidston Stage 1 Solar Project and the under construction 250MW Kidston Pumped Storage Hydro Project, with potential for further multi-stage wind and solar projects.



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## 1. DIRECTORS' REPORT

The Directors present their report, together with the consolidated financial statements, of Genex Power Limited consisting of Genex Power Limited (referred to hereafter as '**Genex**', the '**Company**' or '**Parent Entity**') and the entities it controlled at the end of, or during, the six-month period ended 31 December 2021 (referred to hereafter as the '**Consolidated Entity**').

### Directors

The following persons were directors of Genex during the whole of the half year and up to the date of this report, unless otherwise stated:

Dr. Ralph Craven  
Mr. Michael Addison (retired 18 October 2021)  
Mr. Ben Guo  
Mr. Simon Kidston  
Ms. Teresa Dyson  
Mr. Kenichi Seshimo  
Mr. Yongqing Yu

### Principal activities

The Consolidated Entity's principal activities during the period comprised the operation of the 50MW Kidston Stage 1 Solar Farm (**KS1**) in Queensland and the 50MW Jemalong Solar Project (**JSP**) in NSW, the construction of the 250MW Kidston Pumped Storage Hydro Project (**K2H**) in Queensland, the development of the 50MW Bouldercombe Battery Project (**BBP**) and 150–200MW Kidston Stage 3 Wind Project (**K3W**), with both projects also located in Queensland.

### Dividends

There were no dividends paid, recommended or declared during the current or previous full or half financial year.

### Significant changes in the state of affairs

In the 6 months to 31 December 2021, Genex made significant progress in the construction of K2H, which reached financial close and commenced construction in May 2021, and continued to advance the development of the BBP and K3W projects.



## Financial highlights

- KS1 generated 57,457MWh, an 8% decrease on the prior corresponding period (1H FY2021: 62,447MWh);
- JSP operation commenced, generating 57,051MWh (1H FY2021: not operational);
- Revenue and other income of \$11.96m, an increase of 51% versus the prior corresponding period, was driven by the JSP completing construction and operating at full capacity for the entire period;
- Net loss before tax of \$4.41m, driven by the depreciation of the enlarged portfolio of completed construction assets (1H FY2021: (\$3.37m)); and
- Cash and cash equivalents as at 31 December 2021 of \$36.6m, excluding term deposits/bank guarantees, leaves the Consolidated Entity well positioned to continue to progress the construction of K2H, the development of BBP to financial close and the advancement of the K3W project at the Kidston Clean Energy Hub.

During the period, the Company made significant progress on the construction of the flagship K2H project. Major construction milestones reached during the period included:

- Completion of site establishment activities, including:
  - Completion of the airstrip upgrades to facilitate fly-in-fly-out operations for construction personnel;
  - Completion of refurbishment works for the Oaks Rush Accommodation Village, including new facility buildings and a 450-bed camp expansion; and
  - Completion of site infrastructure upgrades including communications, power and water supply;
- Completion of onsite aggregate crushing plant and concrete batching plant;
- Successful completion of hydraulic model tests for the 2 x 125MW turbines to be used for the project;
- Completion of clearing and earthworks for the two onsite switchyards;
- Completion of the blast magazine storage area and access road; and
- Completion of the main access tunnel (**MAT**) portal face stabilisation and underground tunnelling preparation works.

Subsequent to period end, the engineering, procurement and construction contractor for K2H reached the significant milestone of commencing the underground works with the start of the MAT excavation works (*refer ASX Announcement dated 21 January 2022*). The MAT is a 1.5km long decline tunnel which will be utilised as a construction and permanent access to the underground powerhouse cavern.

As at the date of this report, the K2H project remains on schedule for energisation in Q2 FY2025 and within budget.

During the period Genex also significantly advanced the development of the BBP, the first standalone large-scale battery project in the Company's portfolio, with the following major milestones achieved:

- Execution of a Supply Agreement with Tesla Motors Australia Pty Ltd (**Tesla**) for the supply of its Megapack 2.0 battery modules (**Supply Agreement**) (refer ASX Announcement dated 1 October 2021);
- Receipt of approval from the Australian Energy Market Operator (**AEMO**) of the generator performance standards for the BBP (refer ASX Announcement dated 7 December 2021);
- Execution of an Autobidder Offtake Agreement with Tesla, under which Tesla will operate the BBP with its Autobidder algorithm-based technology and guarantee a minimum level of revenues, with upside sharing (refer ASX Announcement dated 9 December 2021);
- Execution of a Bi-directional Service Provider Connection and Access Agreement for the BBP with Powerlink Queensland (refer ASX Announcement dated 23 December 2021).

Subsequent to period end, Genex made significant advancements of the BBP toward financial close through the execution of a Loan Note Subscription Agreement with Infradebt Pty Ltd (**Infradebt**) for a \$35m senior debt facility for the project (**LNSA**) and completion of a capital raising by way of a \$40.0m placement to institutional and sophisticated investors (**Capital Raising**) (refer ASX Announcement dated 23 February 2022). Concurrent with the Capital Raising, Genex announced the launch of a \$10.0m share purchase plan to allow shareholders to participate in the Capital Raising. The proceeds from the Capital Raising and the SPP will be used to finance the construction costs of the BBP alongside the funds available under the LNSA, repayment of \$3.0m of an existing facility with the Clean Energy Finance Corporation, the costs of the issue and for working capital purposes.

### **Matters subsequent to the end of the period**

The following material events have occurred since period end:

- Execution of the LNSA with Infradebt for a \$35m senior debt facility for BBP;
- Execution of outstanding project documentation for the BBP; and
- Completion of a \$40.0m Capital Raising and announcement of the launch of a \$10.0m share purchase plan.

Other than as disclosed above, there have been no other material events or circumstances which have arisen since 31 December 2021 that have significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

## Loss per share

The loss per share for the Consolidated Entity for the period was 0.49 cents per share (for the period ended 31 December 2020: 0.76 cents).

## Results of Operation and Dividends

The Consolidated Entity's net loss after taxation attributable to the members of Genex was \$4,409,427 and the total comprehensive gain attributable to the members of Genex was \$617,299 for the period ended 31 December 2021. The Directors of Genex have resolved not to recommend a dividend for the period ended 31 December 2021.

## Auditor's independence declaration

A copy of the auditor's independence declaration is set out on the following page.

On behalf of the directors,



Dr Ralph Craven  
Independent Non-executive Chairman  
25 February 2022  
Sydney, Australia



Ernst & Young  
200 George Street  
Sydney NSW 2000 Australia  
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## Auditor's independence declaration to the directors of Genex Power Limited

As lead auditor for the review of Genex Power Limited for the half-year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b) No contraventions of any applicable code of professional conduct in relation to the review; and
- c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Genex Power Limited and the entities it controlled during the financial period.

Ernst & Young

Ryan Fisk  
Partner  
25 February 2022



### 3. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed financial statements cover Genex Power Limited as a Consolidated Entity consisting of Genex Power Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is Genex Power Limited's functional and presentation currency.

Genex Power Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

**Registered Office**

Suite 6.02, Level 6  
28 O'Connell Street  
Sydney NSW 2000

A description of the nature of the Consolidated Entity's operations and its principal activities is included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 February 2022. The Directors have the power to amend and reissue the financial statements.

### 3.1 INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE 6 MONTHS ENDED	NOTES	31 DECEMBER 2021	31 DECEMBER 2020
		\$	\$
<b>Revenue</b>			
Sale of electricity and environmental products and lease income	4	9,439,564	5,690,633
Other income	4	2,522,637	2,206,594
<b>Total revenue</b>		<b>11,962,201</b>	<b>7,897,227</b>
<b>Expenses</b>			
Project site costs		2,450,873	1,963,195
Project consulting costs		159,872	171,244
Employment expenses		2,779,312	2,360,394
Share-based payments		-	68,078
Administrative expenses		1,542,977	858,973
Depreciation		5,393,579	3,122,316
Net loss on financial instruments at fair value through profit or loss		-	253,095
<b>Total expenses</b>		<b>12,326,613</b>	<b>8,797,295</b>
<b>Operating loss</b>		<b>(364,412)</b>	<b>(900,068)</b>
Finance costs		(4,091,066)	(2,512,810)
Finance income		46,051	39,955
<b>Loss before tax</b>		<b>(4,409,427)</b>	<b>(3,372,923)</b>
Income tax expense		-	-
<b>Loss after income tax expense attributable to the owners of Genex Power Limited</b>		<b>(4,409,427)</b>	<b>(3,372,923)</b>
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)</b>			
Net gain/(loss) on cash flow hedges	7	5,026,726	(1,245,176)
<b>Total comprehensive gain/(loss) attributable to the owners of Genex Power Limited</b>		<b>617,299</b>	<b>(4,618,099)</b>
<b>Earnings per share (EPS)</b>			
Basic loss per share		(0.49)	(0.76)
Diluted loss per share		(0.49)	(0.76)

## 3.2 INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT	NOTES	31 DECEMBER 2021	30 JUNE 2021
		\$	\$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	36,622,205	45,447,090
Trade and other receivables	7	2,486,441	1,199,832
Inventory	7	571,500	-
Prepayments		2,689,781	2,747,135
<b>Total Current Assets</b>		<b>42,369,927</b>	<b>49,394,057</b>
<b>Non-Current Assets</b>			
Bond, deposits and bank guarantee	7	5,110,912	5,030,500
Property, plant and equipment	6	377,209,038	296,233,918
Other assets		9,601,055	9,083,535
<b>Total Non-Current Assets</b>		<b>391,921,005</b>	<b>310,347,953</b>
<b>TOTAL ASSETS</b>		<b>434,290,932</b>	<b>359,742,010</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	7	9,972,246	11,940,531
Interest-bearing loans and borrowings	7	9,529,983	7,735,557
Short term interest accrued		1,178,088	1,159,773
Government grant		442,500	442,500
Provisions		750,929	636,056
Current lease liabilities	7	607,269	504,127
<b>Total Current Liabilities</b>		<b>22,481,015</b>	<b>22,418,544</b>
<b>Non-Current Liabilities</b>			
Interest-bearing loans and borrowings	7	259,856,070	182,014,318
Government grant		6,636,288	6,859,356
Other non-current financial liabilities	7	1,461,026	6,487,752
Non-current lease liabilities	7	4,141,219	3,614,025
Rehabilitation and restoration provision		3,804,311	3,804,311
Other non-current liabilities		1,000,000	250,000
<b>Total Non-Current Liabilities</b>		<b>276,898,914</b>	<b>203,029,762</b>
<b>TOTAL LIABILITIES</b>		<b>299,379,929</b>	<b>225,448,306</b>
<b>NET ASSETS</b>		<b>134,911,003</b>	<b>134,293,704</b>
<b>Equity</b>			
Share capital		195,786,112	195,786,112
Option reserves		4,528,147	4,528,147
Cash flow hedge reserve		(1,461,026)	(6,487,752)
Accumulated losses		(63,942,230)	(59,532,803)
<b>Total Equity</b>		<b>134,911,003</b>	<b>134,293,704</b>



### 3.3 INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 6 MONTHS ENDED 31 DECEMBER 2021	NOTES	ISSUED CAPITAL	OPTIONS RESERVES	CASH FLOW HEDGE RESERVE	ACCUMULATED LOSSES	TOTAL EQUITY
<b>Balance at 1 July 2021</b>		<b>195,786,112</b>	<b>4,528,147</b>	<b>(6,487,752)</b>	<b>(59,532,803)</b>	<b>134,293,704</b>
Loss after income tax		-	-	-	(4,409,427)	(4,409,427)
Cash flow hedge reserve		-	-	5,026,726	-	5,026,726
Total comprehensive loss for period		195,786,112	4,528,147	(1,461,026)	(63,942,230)	134,911,003
Shares issued during the period net issue costs		-	-	-	-	-
Share-based payments		-	-	-	-	-
<b>Balance at 31 December 2021</b>		<b>195,786,112</b>	<b>4,528,147</b>	<b>(1,461,026)</b>	<b>(63,942,230)</b>	<b>134,911,003</b>

FOR THE 6 MONTHS ENDED 31 DECEMBER 2020	NOTES	ISSUED CAPITAL	OPTIONS RESERVES	CASH FLOW HEDGE RESERVE	ACCUMULATED LOSSES	TOTAL EQUITY
<b>Balance at 1 July 2020</b>		<b>62,542,338</b>	<b>4,448,542</b>	<b>(14,802,708)</b>	<b>(40,806,933)</b>	<b>11,381,239</b>
Loss after income tax		-	-	-	(3,372,923)	(3,372,923)
Cash flow hedge reserve		-	-	1,570,098	-	1,570,098
Total comprehensive loss for period		62,542,338	4,448,542	(13,232,610)	(44,179,856)	9,578,414
Shares issued during the period net issue costs		23,062,423	-	-	-	23,062,423
Share-based payments		-	68,078	-	-	68,078
<b>Balance at 31 December 2020</b>		<b>85,604,761</b>	<b>4,516,620</b>	<b>(13,232,610)</b>	<b>(44,179,856)</b>	<b>32,708,915</b>

### 3.4 INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 6 MONTHS ENDED	NOTES	31 DECEMBER 2021	31 DECEMBER 2020
		\$	\$
<b>Cashflow from Operating Activities</b>			
Receipts from customers		10,734,126	9,115,712
Payments to suppliers		(6,888,908)	(2,706,158)
Payments to employees		(2,542,249)	(2,265,602)
Interest received		46,050	39,955
Interest and other costs of finance paid		(3,137,677)	(1,509,893)
Government grants and tax incentives		590,331	-
<b>Net cash from / (used in) operating activities</b>		<b>(1,198,327)</b>	<b>2,674,014</b>
<b>Cashflow from Investing Activities</b>			
Purchase of property, plant and equipment		(93,807,896)	(57,643,329)
Funds invested into term deposit/bank guarantee		-	(5,012,165)
<b>Net cash used in investing activities</b>		<b>(93,807,896)</b>	<b>(62,655,494)</b>
<b>Cashflow from Financing Activities</b>			
Proceeds from issues of shares		-	23,062,423
Proceeds from borrowings		89,827,998	5,206,860
Repayment of borrowings		(3,621,732)	(2,042,177)
Transaction costs related to loans and borrowings		(24,928)	(34,812)
<b>Net cash from financing activities</b>		<b>86,181,338</b>	<b>26,192,294</b>
<b>Net decrease in cash and cash equivalents for the period</b>		<b>(8,824,885)</b>	<b>(33,789,186)</b>
Cash and cash equivalents at beginning of period		45,447,090	65,487,915
<b>Cash and cash equivalents at end of period</b>	5	<b>36,622,205</b>	<b>31,698,729</b>

## 3.5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 1. Corporate information

The interim condensed consolidated financial statements of Genex Power Limited and its subsidiaries (collectively, the Consolidated Entity) for the six months ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 25 February 2022.

Genex Power Limited (the Company) is a for profit company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded. The registered office is located at Sydney, in Australia. The Consolidated Entity's principal activities are the development and commercialisation of renewable energy generation and storage projects.

### Note 2. Basis of preparation and changes to Consolidated Entity's accounting policies

#### 2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 31 December 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting. The Consolidated Entity has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Consolidated Entity's annual financial statements as at 30 June 2021 released to the ASX on 27 August 2021.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Consolidated Entity's annual consolidated financial statements for the year ended 30 June 2021. Where required, the prior year balances were restated for comparative purposes.

#### 2.2 New standards, interpretations and amendments adopted by Consolidated Entity

The Consolidated Entity has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in financial year 2022, but do not have an impact on the interim condensed consolidated financial statements of the Consolidated Entity.



### Note 3. Segment Information

Management has determined that the Consolidated Entity has one reportable segment; the development, construction and operation of renewable energy generation and storage projects in Australia, for the 6 months ended 31 December 2021.

### Note 4. Revenue

FOR THE 6 MONTHS ENDED 31 DECEMBER	2021	2020
	\$	\$
KS1 lease revenue <sup>1</sup>	5,133,051	5,690,633
JSP generation revenue	2,392,173	-
JSP LGC sales	1,914,341	-
<b>Sale of electricity and environmental products and lease income</b>	<b>9,439,564</b>	<b>5,690,633</b>
Liquidated damages <sup>2</sup>	875,124	1,500,000
ARENA government grant	664,609	223,068
Fair Value of LGCs on hand	571,500	-
Avoided TUOS	176,003	112,001
Fuel tax credit	173,999	4,932
Others	61,402	366,593
<b>Other income</b>	<b>2,522,637</b>	<b>2,206,594</b>
<b>Total revenue</b>	<b>11,962,201</b>	<b>7,897,227</b>

<sup>1</sup>Revenue earned under the Queensland government Solar 150 Price Support Deed between the Consolidated Entity and the Queensland government, where all electricity and large-scale generation certificates generated by KS1 are sold to the Queensland government subject to a fixed floor price.

Prior to the introduction of AASB 16 Leases, the Consolidated Entity recognised certain contracts as arrangements that may contain a lease in accordance with Interpretation 4 - Determining Whether an Arrangement Contains a Lease and AASB 117 Leases. Upon transition, the Consolidated Entity applied the practical expedient outlined in AASB 16 Leases whereby contracts that were previously identified as leases by applying AASB 117 Leases and Interpretation 4 - Determining Whether an Arrangement Contains a Lease are not required to be reassessed at the date of initial application.

<sup>2</sup>Liquidated damages refer to:

- Period ending 31 December 2020: performance liquidated damages payments made by UGL Engineering Pty Ltd to the Consolidated Entity for performance issues related to KS1 for year 1 of operations (as stated in the Quarterly Activities Report released to the ASX on 21 October 2020); and
- Period ending 31 December 2021 - performance and delay liquidated damages made by Energy Solutions Pty Ltd (trading as Beon) to the Consolidated Entity for delays to Practical Completion of the JSP project (as stated in the Quarterly Activities Report released to the ASX on 20 October 2021)

### Note 5. Cash and cash equivalents

For the purposes of the interim condensed statement of cash flows, cash and cash equivalents are comprised of the following:

	31 DECEMBER 2021	30 JUNE 2021
	\$	\$
Cash at bank	36,622,205	45,447,090
<b>Total cash and cash equivalents</b>	<b>36,622,205</b>	<b>45,447,090</b>

## Note 6. Property, plant and equipment

	31 DECEMBER 2021	30 JUNE 2021
	\$	\$
Kidston Solar Project	94,426,358	97,366,727
Jemalong Solar Project	86,247,919	86,849,171
Kidston Pumped Storage Hydro Project	187,840,948	103,813,334
Pre-development assets	3,918,777	3,918,777
Right-of-use asset	4,285,872	3,885,845
Land	380,935	380,935
Motor vehicle	92,340	-
Furniture and fittings	15,889	19,129
<b>Total property, plant and equipment</b>	<b>377,209,038</b>	<b>296,233,918</b>

## Note 7: Financial assets and financial liabilities

### Financial assets

	31 DECEMBER 2021	30 JUNE 2021
	\$	\$
<b>Debt instruments at amortised cost</b>		
Trade and other receivables	2,486,441	1,194,151
Bond, deposits and bank guarantee	5,110,912	5,030,500
<b>Total financial assets<sup>3</sup></b>	<b>7,597,353</b>	<b>6,224,651</b>
<b>Total current</b>	<b>2,486,441</b>	<b>1,194,151</b>
<b>Total non-current</b>	<b>5,110,912</b>	<b>5,030,500</b>

<sup>3</sup>Financial assets, other than cash and short-term deposits, held by the Consolidated Entity

### Financial liabilities

	31 DECEMBER 2021	30 JUNE 2021
	\$	\$
<b>Derivatives designated as hedging instruments</b>		
Interest rate swaps	1,461,026	6,487,752
<b>Financial liabilities at amortised cost</b>		
Trade and other payables	9,972,246	11,763,284
<b>Current interest-bearing loans and borrowings</b>		
Lease liabilities	607,269	504,127
Interest-bearing loans and borrowings		
\$175m Senior Bank Loan	7,288,530	6,687,985
\$20m CEFC Corporate Loan	2,241,453	1,047,572
<b>Non-current interest-bearing loans and borrowings</b>		
Lease liabilities	4,141,219	3,614,025
Interest-bearing loans and borrowings		
\$175m Senior Bank Loan	157,142,591	161,605,395
\$20m CEFC Corporate Loan	20,082,490	20,408,923
\$610m NAIF Loan	82,630,989	-

	31 DECEMBER 2021	30 JUNE 2021
<b>Total financial liabilities</b>	<b>285,567,812</b>	<b>212,119,063</b>
<b>Total current</b>	<b>20,109,497</b>	<b>20,002,968</b>
<b>Total non-current</b>	<b>265,458,315</b>	<b>192,116,095</b>

## Risk management activities

### Cash flow hedges for interest rate risks

The Consolidated Entity designated interest rate swap contracts as hedges for long-term loan financing for the construction of the JSP and KS1 project refinancing.

The terms of the interest rate swap contracts have been negotiated to match the terms of the forecast transactions. Both parties to the contracts have fully cash collateralised the interest rate swap contracts, and therefore, effectively eliminated any credit risk associated with the contracts (both the counterparty's and Consolidated Entity's own credit risk). Consequently, the hedges were assessed to be highly effective.

As at 31 December 2021, an unrealised gain of \$5,026,726 relating to the interest rate swap contracts is included in other comprehensive income.

## Note 8. Fair value measurement

The following table provides the fair value measurement hierarchy of the Consolidated Entity's financial assets and financial liabilities.

AS AT 31 DECEMBER 2021	CARRYING AMOUNT \$	FAIR VALUE MEASUREMENT USING		
		QUOTED PRICE IN ACTIVE MARKETS (LEVEL 1)	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
<b>Financial liabilities measured at fair value</b>				
<b>Derivative financial liabilities</b>				
Interest rate swaps	1,461,026	-	1,461,026	-
Inventory	571,500	-	571,500	-

AS AT 30 JUNE 2021	CARRYING AMOUNT \$	FAIR VALUE MEASUREMENT USING		
		QUOTED PRICE IN ACTIVE MARKETS (LEVEL 1)	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
<b>Financial liabilities measured at fair value</b>				
<b>Derivative financial liabilities</b>				
Interest rate swaps	6,487,752	-	6,487,752	-
Inventory	-	-	-	-



### **Interest rate swaps**

The Consolidated Entity enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate swaps are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and the interest rate curves. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty risk and the Consolidated Entity's own non-performance risk. As at 31 December 2021, the mark-to-market value of derivative positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

### **Inventories**

Inventories reflect Large Scale Generation Certificates (**LGCs**). LGCs held for trading purposes are measured at fair value at the end of the financial year, adjusted for known market forces with changes in fair value recognised in the statement of profit and loss and other comprehensive income. LGCs are valued with reference to market spot price data.

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the six-month period ended 31 December 2021.

### **Fair value hierarchy**

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised at fair value on a recurring basis, the Consolidated Entity determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no changes in the Consolidated Entity's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

## Note 9. Share-based payments

The share-based payments expense recognised for employee services received during the period is shown in the following table:

FOR THE 6 MONTHS ENDED 31 DECEMBER	2021	2020
	\$	\$
Expense arising from equity-settled share-based payment transactions	-	68,078
<b>Total expense arising from share-based payment transactions</b>	<b>-</b>	<b>68,078</b>

There were no cancellations or modifications to the awards for the six months ended 31 December 2021 and 2020.

For the six months ended 31 December 2021, the Consolidated Entity has recognised zero share-based payment expense in the statement of profit or loss (31 December 2020: \$68,078).

## Note 10. Commitments and contingencies

### Capital commitments

At 31 December 2021, the Consolidated Entity has capital commitments of \$507,335,260 (30 June 2021: \$627,310,230).

## Note 11. Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

## Note 12. Events after the reporting period

The following material events have occurred since period end:

- Execution of the LNSA with Infradebt for a \$35m senior debt facility for BBP;
- Execution of outstanding project documentation for the BBP; and
- Completion of a \$40.0m Capital Raising and announcement of the launch of a \$10.0m share purchase plan.

Other than as disclosed above, there have been no other material events or circumstances which have arisen since 31 December 2021 that have significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

## 4. DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Genex Power Limited, I state that in the opinion of the directors:

- (a) the interim financial statements and notes of Genex Power Limited and its subsidiaries for the half-year ended 31 December 2021 are in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
  - ii. complying with Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Dr Ralph Craven  
Independent Non-executive Chairman  
25 February 2022  
Sydney, Australia



## Independent auditor's review report to the members of Genex Power Limited

### Conclusion

We have reviewed the accompanying half-year financial report of Genex Power Limited (the Company) and its subsidiaries (collectively the Group), which comprises the interim condensed statement of financial position as at 31 December 2021, the interim condensed statement of comprehensive income, interim condensed statement of changes in equity and interim condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Directors' responsibilities for the half-year financial report

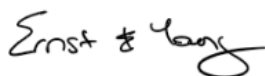
The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's responsibilities for the review of the half-year financial report

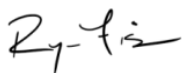
Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Ernst & Young



Ryan Fisk  
Partner  
Sydney  
25 February 2022



## 6. CORPORATE DIRECTORY

### DIRECTORS

Dr Ralph Craven	Independent Non-Executive Chairman
Ms Teresa Dyson	Independent Non-Executive Director
Mr Simon Kidston	Non-Executive Director
Mr Ben Guo	Non-Executive Director
Mr Kenichi Seshimo	Non-Executive Director
Mr Yongqing Yu	Non-Executive Director

### COMPANY SECRETARY

Mr Justin Clyne

### REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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### WEBSITE

[www.genexpower.com.au](http://www.genexpower.com.au)

### ASX CODE

GNX

### AUDITORS

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